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INDIGENOUS EMPLOYMENT
AFTER THE BOOM
M. GRAY AND B. HUNTER

Centre for
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ANU College of
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Dr Robert G. (Jerry) Schwab
Director, CAEPR
Research School of Social Sciences
College of Arts & Social Sciences
The Australian National University
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Indigenous employment after the boom

M. Gray and B. Hunter

Matthew Gray is a Professor and **Boyd Hunter** a Senior Fellow at the Research School of Social Sciences, Australian National University. Matthew is the Director of the ANU Centre for Social Research and Methods, and Boyd works at the Centre for Aboriginal Economic Policy Research.

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Acronyms

ANU	The Australian National University
CAEPR	Centre for Aboriginal Economic Policy Research
CDEP	Community Development Employment Projects
NATSISS	National Aboriginal and Torres Strait Islander Social Survey
RJCP	Remote Jobs and Communities Program

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Introduction

The period from 1994 to 2008 was one of strong macroeconomic growth, which saw an increase in the employment rate of Indigenous Australians by nearly 20 percentage points, and consequently a narrowing of the gap in employment between Indigenous and non-Indigenous Australians (Gray & Hunter 2011).

Since the Global Financial Crisis in 2008, economic and employment growth in Australia has been much slower, with some increases in the unemployment rate. There has been debate about the impact of the post-2008 economic slowdown on the labour force status of Indigenous Australians. The evidence to date from the 2012–13 Australian Aboriginal and Torres Strait Islander Health Survey is that Indigenous employment outcomes have declined since 2008, but this change was not statistically significant (e.g. Fig. 7 in Commonwealth of Australia [2016] reported a decline from 48.2% to 45.6%). This is consistent with experience from past recessions and economic slowdowns, when the impact on Indigenous employment has been much greater than for the population as a whole (Hunter 2010, Productivity Commission 2015). Information on Indigenous labour force status is updated in this paper with statistics from the recently released 2014–15 National Aboriginal and Torres Strait Islander Social Survey (NATSISS). This evidence can be compared in broad terms with the overall Australian labour market context, which is that the employment to population ratio increased substantially (by 7 percentage points, from 66% to 73%) for the working-age population between 1994 and 2008, then fell by 1 percentage point to 72% in early 2015 (ABS 2016).¹

Assessing trends in Indigenous employment is not straightforward. First, the size of the Indigenous sample in the Australian Bureau of Statistics Labour Force Survey is relatively small – this means that statistically robust estimates cannot be produced at the same frequency as for the broader Australian population. Second, it is necessary to take into account the effects of the Community Development Employment Projects (CDEP) scheme and changes in the number of CDEP participants, and the effect of CDEP's replacements: the short-lived Remote Jobs and Communities Program (RJCP), and the more recent Community Development Programme.² (The Community Development Programme replaced RJCP on 1 July 2015, but that set of reforms falls outside the period examined in this paper.) The issues relating to CDEP for estimating Indigenous employment rates are discussed in detail in Gray and Hunter (2011). The important point to note is that participation in CDEP and RJCP is categorically different

from mainstream employment, and labour market comparisons should focus on employment outcomes that are not associated with these programs.

Key data sources for estimating trends in Indigenous labour force status are the National Aboriginal and Torres Strait Islander Survey (NATSIS), and the subsequent NATSISS; these surveys were conducted in 1994, 2002, 2008 and 2014–15. This paper uses data from the 1994, 2008 and 2014–15 surveys to extend our earlier work on Indigenous employment trends during the period 1994–2008 and through to 2014–15 (i.e. it extends Gray & Hunter [2011] and Hunter & Gray [2012]). In addition to providing the most recent data on Indigenous labour force status, NATSISS has some advantages over the national population censuses, which are the other main source of data. First, NATSISS identifies CDEP participants, whereas the census does not do this reliably at a national level. Second, NATSISS provides more detailed data on labour force participation than the census. For example, it allows identification of the marginally attached – that is, people who want to work but are formally outside the labour force. The marginally attached are an important group because they can be thought of as the potential labour supply when the economy becomes more buoyant and the number of job vacancies increase in the local area or the nation at large.

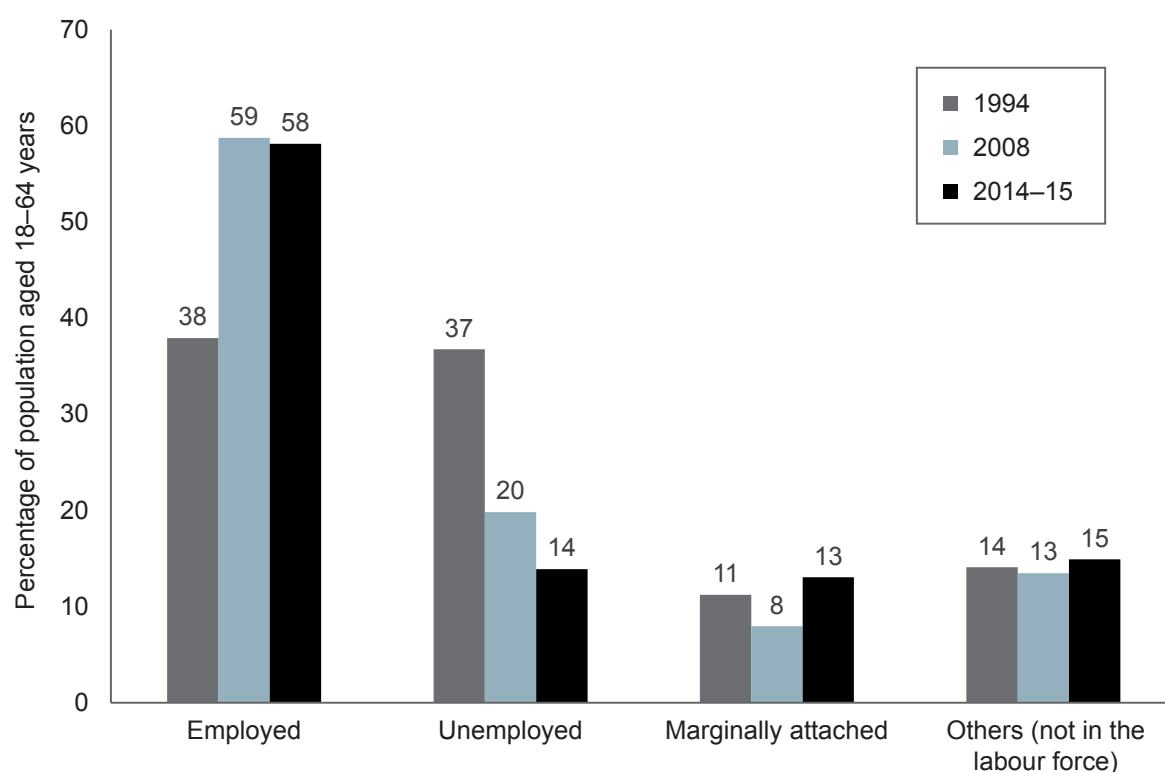
In this paper, the population is categorised into four labour force states: employed (excluding CDEP and RJCP participants), unemployed (which includes CDEP and RJCP participants), marginally attached and other (not in the labour force).³ The marginally attached are defined as those who are not employed and are not actively looking for work but would like paid employment. The 'other (not in the labour force)' category consists of people who are not employed and do not want to work. RJCP participants are classified as being unemployed, marginally attached or other (not in the labour force), depending on the answer they gave to questions about wanting to work and jobs search.

All Indigenous data in this paper are weighted and are for the working-age population (18–64 years).⁴

Trends in labour force status

Detailed labour force states

Fig. 1 shows the labour force status of Indigenous men in 1994, 2008 and 2014–15. Fig. 2 presents this information for Indigenous women.

FIG. 1. Labour force status, Indigenous males, 1994, 2008 and 2014–15**Notes:**

1. Population aged 18–64 years

2. CDEP participants are included in the category 'unemployed'.

Source: Fig. 2 in Hunter and Gray (2012), and the authors' calculations (using TableBuilder) for NATSISS 2014–15

The increases in male Indigenous employment during the period 1994–2008 have not continued during the period 2008 to 2014–15. The employment to population ratio of Indigenous men increased from 38% in 1994 to 59% in 2008; it was 58% in 2014–15. The unemployment to population ratio fell dramatically from 37% in 1994 to 20% in 2008 and 14% in 2014. The fall in the proportion unemployed between 2008 and 2014–15 is not explained by increases in employment, but rather by a movement out of the labour force into marginal attachment, which increased from 8% in 2008 to 13% in 2014–15. This ceasing of the search for employment is consistent with some Indigenous men becoming discouraged jobseekers as a result of difficulties in finding employment (e.g. Hunter 2010).

The pattern of change in employment rate is very similar for Indigenous women. A very substantial increase in the employment rate occurred from 25% in 1994 to 43% in 2008, but there was virtually no change between 2008 and 2014–15. The proportion unemployed fell, but the fall was smaller than for Indigenous men. There has been no change in the proportion marginally attached and a slight increase in the proportion in the other (not in the labour force) category, from 25% to 27%.

One of the main reasons for being marginally attached and not looking for work is having a long-term health condition or disability, or caring responsibilities (Table 1 in Hunter & Gray 2012). Although many people living in remote areas give reasons that relate to their own personal circumstances (including poor health), the lack of labour demand (or, rather, the perceived lack of labour demand) is a major factor in Indigenous people (especially men) not looking for work in such areas.

Between June 2008 and June 2014, the employment rate for working-age (15–64 years) Australian men fell from 79.9% to 77.0%. For women, the rate was essentially unchanged, at 67.0% in June 2008 and 66.3% in June 2014 (Table 18 in ABS 2016).

The flat Australian labour market after the boom led to declines in employment rates for both men and women, with the largest falls being observed for Australian males. Comparison of these statistics with those in Figs. 1 and 2 reveal that the overall fall in Indigenous male employment between 2008 and 2014–15 was smaller than for other Australian males. For Indigenous women, there was actually an increase in employment outcomes over this period.

The fluctuations in labour supply using the broader definition, which includes the marginally attached as well as the unemployed and employed, are broadly consistent with the changes in the number of jobs available for Indigenous men and women. The percentage of Indigenous people who were outside the labour force and did not want to work – that is, in the other (not in the labour force) category – increased slightly as jobs became more scarce after the boom.

The above analysis of Indigenous labour force status can be cast in a positive light. The desire of Indigenous men and women to work has not changed much, even though economic growth is flat and the job market is tight. Fluctuations in Indigenous labour force status have been driven by changes in employment and unemployment categories, rather than by willingness to participate in the economy. Once the Australian economy picks up, it is therefore likely that Indigenous people will take up available jobs, provided that they are ‘work ready’. The main caveat to this optimism is that it may be more difficult to generate jobs for Indigenous people in some parts of the economy.

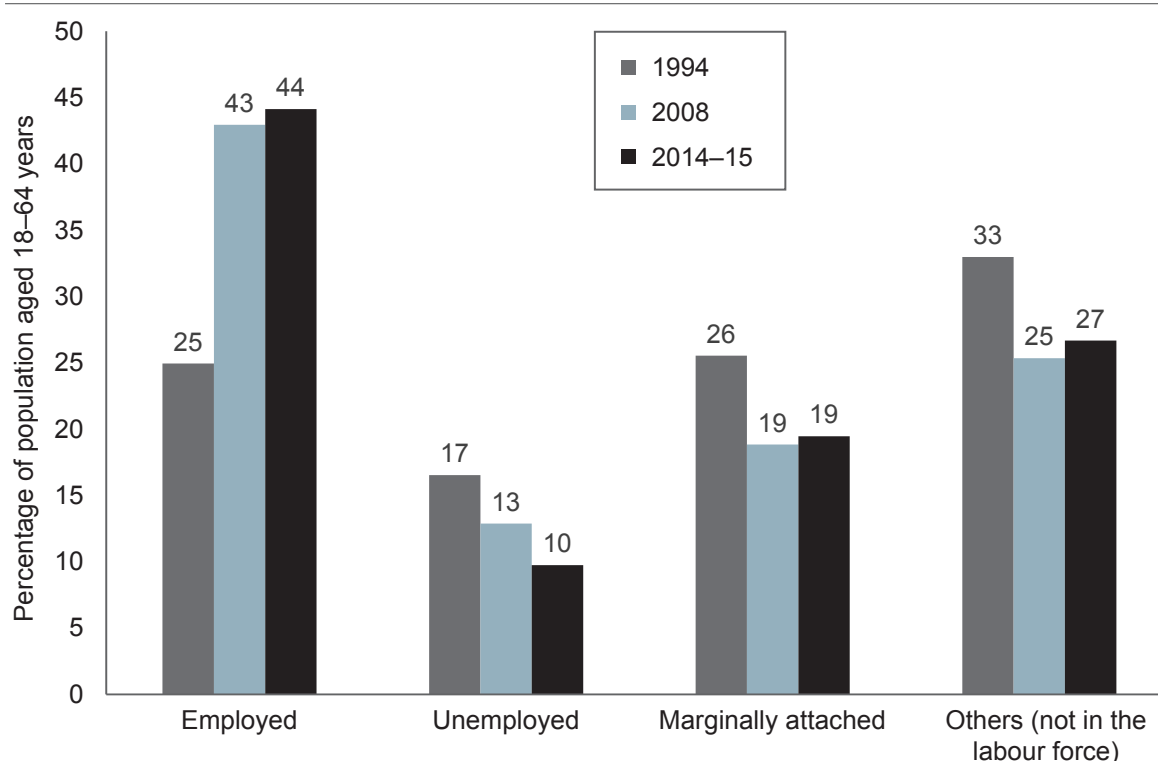
The analysis now considers variations in employment by remoteness and age to highlight potential constraints on Indigenous employment.

Geographic remoteness

Fig. 3 shows the employment to population ratio by geographic remoteness. For both Indigenous men and Indigenous women, there were substantial increases in employment rates in remote areas between 1994 and 2008, and then a further, smaller increase between 2008 and 2014–15. For women, the employment rate increased from 31% in 2008 to 37% in 2014–15; for men, the increase in employment rate was from 39% to 43%. However, the story is different in nonremote areas, with a substantial fall in the employment rate for Indigenous men and a very small fall for Indigenous women.

The decline in employment in nonremote areas for Indigenous men and the lack of change for Indigenous women are not surprising, given the experience of previous economic slowdowns. However, the substantial increase in employment in remote areas over the six-year period from 2008 to 2014 is unexpected. There are several possible reasons for this increase. With the

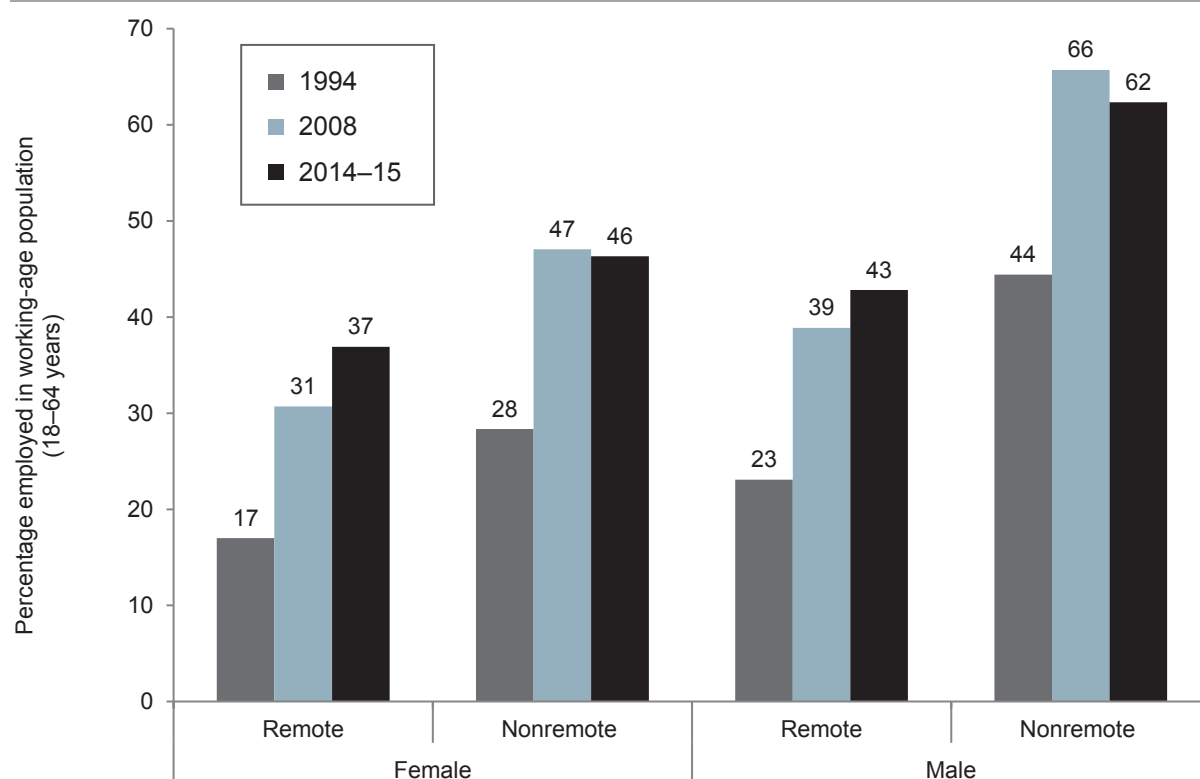
FIG. 2. Labour force status, Indigenous females, 1994, 2008 and 2014–15



Notes:

1. Population aged 18–64 years
2. CDEP participants are included in the category ‘unemployed’.

Source: Fig. 1 in Hunter and Gray (2012), and the authors’ calculations (using TableBuilder) for NATSISS 2014–15

FIG. 3. Indigenous employment rates by geographic remoteness, males and females, 1994, 2008 and 2014–15

Note: Population aged 18–64 years

Source: Fig. 1 in Gray and Hunter (2011), and the authors' calculations (using TableBuilder) for NATSISS 2014–15

phasing out of the CDEP scheme, a number of jobs that were previously done by CDEP participants are now being done by people in a standard job. It is probable that this is at least part of the story. Governments have also invested very substantially in additional services in remote Indigenous communities, and this fiscal stimulus has created additional labour demand. Finally, in some geographic areas, significant investments in mining have also increased labour demand, including for Indigenous people (Hunter et al. 2015), given the geographic proximity of some mining operations to Indigenous communities, and mining companies' desire to increase Indigenous employment. A better understanding of the reason for the continued increase in Indigenous employment in remote areas requires further research.

Broad age group

Fig. 4 shows the employment to population ratios by broad age group. Little change has taken place in employment rates for any of the age groups. This reflects the overall lack of growth of employment in nonremote areas, where the majority of Indigenous Australians live. Any increases in employment rate are for young

Indigenous women, and any declines are for older Indigenous men.

Conclusion

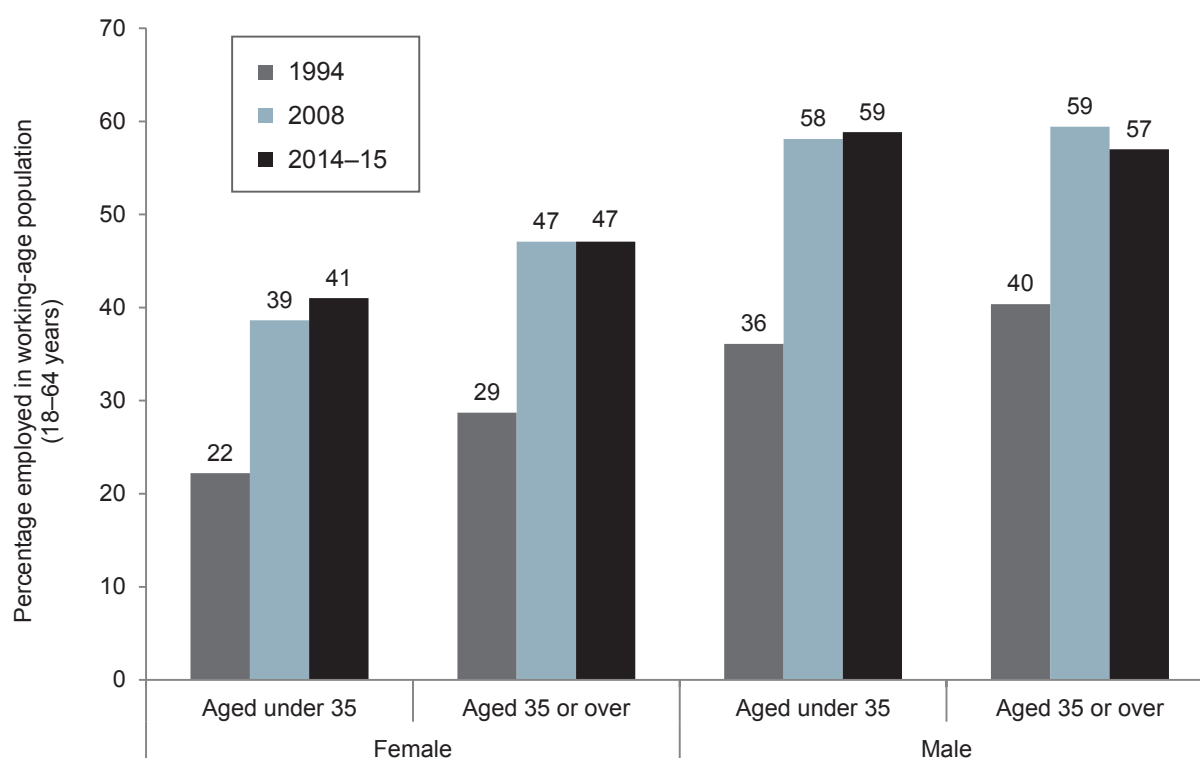
Analysis of data on Indigenous labour force status in 2008 and 2014–15 clearly highlights the impact that the economic slowdown from 2008 had on Indigenous employment trends. The strong growth over the period 1994–2008 has halted, and for Indigenous men there has been a quite substantial fall in employment rates.

At an aggregate level, the trends in Indigenous employment mirror those of the Australian population as a whole. It is clear that aggregate demand is the key driver of changes in Indigenous employment, rather than individuals' desire to work. During the period 2008 to 2014–15, although there was a move of Indigenous people out of the labour force as job opportunities dwindled, much of the move was into marginal attachment. That is, people still want to work, but some may have given up looking for work.

The national-level figures, however, hide the fact that Indigenous employment in remote areas has continued to grow strongly for both men and women. Although we do not have hard evidence on why the trends are so different in remote areas, our judgment is that it is highly probable that the difference largely reflects strong demand for Indigenous labour as a result of public expenditure on social services and community infrastructure, and in some areas the impact of demand from the private sector, particularly the mining industry. It is also likely that, with the demise of the CDEP scheme, some jobs that were previously undertaken by CDEP/RJCP participants are now being undertaken on a conventional employment basis.

This paper has demonstrated that most Indigenous people want to participate in the economy and will take up available jobs provided that they are 'work ready'. Improving Indigenous employment outcomes requires that jobs are created and that policies support Indigenous people to acquire suitable skills so that they can work in those jobs. This latter challenge may be particularly pronounced in remote areas, where many Indigenous residents may not be able to comply with the 'activity requirements' for labour market programs (Fowkes 2016). Although there is evidence in this paper that the number of jobs is increasing in remote areas, there is no scope for complacency, given that only 40% of the remote Indigenous working-age population is employed.

FIG. 4. Indigenous employment rates by broad age group, males and females, 1994, 2008 and 2014–15



Note: Population aged 18–64 years

Source: Fig. 2 in Gray and Hunter (2011), and the authors' calculations (using TableBuilder) for NATSISS 2014–15

Notes

1. The working-age population is defined here as the total Australian population aged 15–64 years, as reported in 5-year age groups in ABS (2016).
2. The CDEP scheme has been an important institutional feature of the Indigenous labour market over the past three decades (Gray & Hunter 2011 – note 1). Recipients are expected to work at least part-time for their benefit entitlements. However, the reforms since 2008 have meant that CDEP has increasingly become more like the mainstream work-for-the-dole scheme, or even a standard labour market program, than a community development scheme.
3. The primary focus of this paper is non-CDEP employment. CDEP participants have indicated that they want to be in the labour force by virtue of their participation in this labour market program, and hence are classified as unemployed rather than as not in the labour force.
4. The labour force survey data for the whole Australian population, reported above, is for the population aged 15–64 years. This paper focuses on the Indigenous population aged over 18 to remove the complicating factor of increasing retention rates of indigenous secondary school students since the 1990s.

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CONTACT US

Centre for Aboriginal Economic Policy Research
Research School of Social Sciences
ANU College of Arts & Social Sciences

Copland Building #24
The Australian National University
Canberra ACT 0200
Australia

T +61 2 6125 0587
W caepr.anu.edu.au

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